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DEPARTMENT FOR AF/E - MBEYZEROV  
DOC FOR BERKUL  
TREASURY FOR FBOYE  
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SUBJECT: ANTANANARIVO POL/ECON WEEKLY UPDATE

REF: A) ANTANANARIVO 607 B) Antananarivo 533

**¶11. (SBU) SUMMARY:** This is U.S. Embassy Antananarivo's Weekly Update for the week of August 31 to September 4, an unclassified review of major political, economic, and commercial events and information from the U.S. Mission to Madagascar and the Comoros. END SUMMARY.

POLITICS

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**¶12. (SBU) MAPUTO II DEADLINE REACHED:** During the last round of political negotiations of the "Big 4" in Mozambique, consensus was not reached on who would fill the top three posts of the transition government outlined in the charter signed in Maputo August 9. The Rajoelina delegation asked for an extension, granted until September 4, to confer with supporters on ceding the post of prime minister to the Ratsiraka movement. Rajoelina is expected to announce his decision late today (see septel for more details).

**¶13. (SBU) RELEASED DETAINEES' PROBLEMS CONTINUE:** The trial of Manandafy Rakotonirina, Ravalomanana's shadow Prime Minister, has been rescheduled to September 22 (Rakotonirina remains out of prison on provisional release). Ihanta Randriamandrato and two army colonels, all arrested with Rakotonirina in April 2009, will likely be tried on the same day. All have had their trials postponed at least once, widely believed to be a result of the ongoing political negotiations. Manandafy's lawyer, arrested August 8, has been transferred from remote Manjakandriana women's prison to the Antanimora main prison (in Tana), at her request. She had a court hearing on August 28, during which the Bar Association requested temporary release in accordance with the Maputo I agreements. Her request was rejected on the grounds that her charges (alleged involvement in the armed attack at VIVA TV and a series of bomb attempts in town) constitute a "blood crime" and are specifically excluded from the agreement.

**¶14. (SBU) EMBASSY DONATION FOR RAMADAN:** The U.S. Mission held a Ramadan charity drive, and collected three large boxes of food items - rice, sugar, oil, pasta, cookies, etc. - from both American and Malagasy staff. Charge Eric Stromayer presented the donations to the Sunni mosque of 67 Hectare (an economically disadvantaged neighborhood in central Tana), which also houses the headquarters of the Malagasy Muslim Association (FSM). In addition to the FSM and Mosque leaders, the DCM also met with women preparing the Iftar dinner. The recipients were very appreciative of the American community's consideration to the Malagasy Muslim community.

ECONOMIC AND COMMERCIAL

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**¶15. (SBU) VISIT TO SELF-HELP FUND PROJECT:** Last October the Special Self-Help program granted \$3,000 to Association Tiako Vehivavy

Antsirabe-Nord Mandroso (TI-VAM) to complete a clean water project in two rural villages outside of Sambava. TI-VAM worked with these communities to construct two wells that now provide safer drinking water to over 600 people. Two embassy employees visited these sites last week, where community officials expressed their gratitude to the US government for funding this project that will improve the health of those living in these villages.

**¶6. (SBU) MADAGASCAR SIGNS INTERIM EPA AGREEMENT:** Although the EU has frozen its aid to Madagascar pending a final decision under the Cotonou Agreement in early November, Madagascar was permitted to sign an interim Economic Partnership Agreement (EPA) on August 29th (ref A), along with Mauritius, Seychelles, and Zimbabwe. According to the Economic and Trade Section Chief of the EU Delegation in Madagascar, Monica Pambianco, the European Commission delegated the decision on whether or not to allow Madagascar to sign the EPA to the other countries in Madagascar's negotiating block from the Common Market for Eastern and Southern Africa (COMESA), which approved. Regarding this signature, "normal channels were not respected", said Pambianco, as the EPA was signed by the Malagasy Ambassador in Mauritius, while the Trade Minister was not invited. The EU permitted Madagascar to sign on in order to avoid compromising its trade relationship with the COMESA group, Pambianco explained. The interim EPA offers duty free, quota free access for all exports from Madagascar to the EU, with transition periods for rice and sugar. Madagascar will liberalize 81 percent of its market, with exceptions mainly in the agricultural, chemicals, paper, and textile sectors. The agreement also contains provisions on rules of origin (still open to discussion), development cooperation, fisheries, defense, and dispute settlement mechanisms.

**¶7. (SBU) AMBATOVY ON TRACK:** The transition regime (HAT) has ceased

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(at least for now) its harassment of Ambatovy, a USD 4.5 billion nickel and cobalt mining/refining project, the largest investment in Madagascar's history, following a public denunciation by the project of the HAT's actions. The HAT had previously threatened to change the terms of the Canadian/Japanese/Korean venture (Ref B), and although it has backed down from demands for a larger cut, partial ownership, or "signing bonuses", the project's lenders are still wary of advancing needed working capital.

**¶8. (SBU) MADAGASCAR OIL MOVES AHEAD:** Madagascar Oil's new CEO Laurie Hunter visited Madagascar to meet with local managers, staff of its joint-venture partner Total, and working-level contacts in the government. Hunter told the Ambassador that MO plans to fulfill its commitments, keep its six exploration blocks, and move full steam ahead. The French firm Total, the operator for its Bemolanga block, has begun a production pilot with promising initial results. Total has approximately 300 staff on site in northeastern Madagascar and plans to invest USD 100 million over 2.5 years. If the block eventually enters into production, which would require a total USD 7 billion investment, it could be fully operational by 2019, producing upwards of 200,000 barrels of oil per day by mining oil sands. Hunter also mentioned that MO is eager to begin production on its other fully self-owned blocks, which contain lighter oil, to raise money for an eventual Bemolanga investment.

**¶9. (SBU) MAERSK'S WOES:** A Danish embassy representative from South Africa told the DCM August 31 that the Danish shipping company Maersk was being harassed by a local Malagasy firm, Genie, whose spurious commercial and criminal law suits were too easily entertained by the malleable, corruptible Malagasy justice system. Following the issuance of an arrest warrant against Maersk Madagascar's general manager, a French citizen, the manager fled the country for fear of his physical safety. Two additional Maersk employees have also been sentenced to six months in prison for calumny. Although the first complaint against the company by Genie was lodged in 2006 for the loss of cargo, the seven recent claims have grown increasingly far-fetched, while the response of Malagasy law enforcement has become increasingly threatening, according to Maersk representatives.

**¶10. (SBU) ILMENITE EXPORTS CONTINUE ON TRACK:** On August 23, Rio Tinto Qit Madagascar Minerals (QMM) shipped its second batch of

ilmenite from Ehoala port in Fort-Dauphin. Exact quantities have not been revealed to the public for commercial reasons, but QMM announced in July that the company expects to export at least 750,000 tons per year.

¶11. (SBU) OIL TANKER SINKS OFF CAPE ST. MARIE: On August 26, a possible environmental disaster was precipitated when Turkish vessel M/S Gulser Ana sank off Cape Sainte Marie in southern Madagascar. Reports indicate that about 23 crew members were on board, with a cargo of 39,000 tons of phosphate, 383 cubic meters of fuel, and 7,000 liters of lubricants. Sambalis Jerome, General Manager of the Port, Maritime, and Water Agency (APMF) said that the exact reason of the accident remains unknown. The captain of the vessel said that the vessel documents as well as the cargo documents have disappeared. The Malagasy Government is launching an international investigation to track the exact routing and a description of the cargo transported by the vessel. The press reports great concern about the possible environmental threat caused by the spill. The magnitude of the possible environmental damage is unclear at this time. The high concentration of phosphate has already killed thousands of small fish which are washing up on the beaches, and the authorities have forbidden fishing in the area.

MARQUARDT